



CB&I
24 Read's Way
New Castle, DE 19720
Tel: 302 325 8401
Fax: 302 325-8425
www.CBI.com

February 23, 2010

City of Williamsburg, VA
401 Lafayette Street
Williamsburg, VA 23185

Reference: **PPEA Proposal for Elevated Water Storage Tank**
750,000 gallon Waterspheroid at Riverside / Quarterpath Rd
CB&I Reference Number 155314

Gentlemen:

In response to your review of our PPEA offer, and today's voice mail regarding the stated validity period, CB&I is pleased to extend that period until March 10th, 2010. However, due to the current instability of steel material pricing we are unable to hold this offer firm for a longer period without requesting the addition of an Escalation Clause (on the tank's steel plate materials). With the addition of the following language to our offer we would be willing to then extend our bid validity to April 30th, 2010;

"The carbon steel plate material pricing in our proposal is based on published SSAB December, 2009, Agreement # 10808. This agreement used a base rate for 1/4" steel at \$29/cwt and a surcharge of \$ 5/cwt. The portion of the project's price (i.e. the plate weight) that will be subject to escalation has been estimated to be ~ 431,000 lbs. If the steel plate material price goes up or down, the contract price will be adjusted in accordance with the following formula:

((Base Adjustments + (Actual Surcharge assessed at the Time of Shipment – Bid Surcharge(s)) X
ordered weight of plate material) x 1.15)) + applicable taxes."

We appreciate the opportunity to extend our offer and look forward to supporting your team with this scope. Please call if we can clarify any part of our proposal for you, noting that we hope you are pleased to see that the above escalation clause protects both us and the City of Williamsburg.

Sincerely,

Chicago Bridge & Iron
On behalf of CB&I Constructors, Inc.

Daniel A. Knight
Daniel A. Knight
CB&I Business Development Manager